

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2500 – SB 2597

April 7, 2014

SUMMARY OF ORIGINAL BILL: Declares that any provision of law authorizing an agency, board, or entity of state government to sue or be sued shall not constitute a waiver of sovereign immunity. Excludes the attorney general and reporter from the certification requirement performed by the Commissioner of the Department of Finance and Administration pursuant to Tenn. Code Ann. § 9-4-5113(a). Requires proceeds from the sale and conveyance of surplus property or improvements used for state forestry or other operations of the Department of Agriculture, if not managed as state office buildings and support facilities revolving fund property, to be deposited in a reserve fund, within the state General Fund, for forestry facilities. Authorizes the transfer of monies between multiple specified funds, accounts, and programs. States that the State Board of Equalization (SBOE), through the Division of Property Assessments, shall be charged with allocating appropriations for the implementation of Tenn. Code Ann. § 67-5-701, and that the Comptroller of the Treasury, or a designee, shall determine the method of implementation. Declares that the costs of the Property Tax Relief Program (PTRP) shall be subject to annual appropriations. Revises the salary structures for the District Attorneys General, Governor, chancellors, circuit court judges, and criminal court judges.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$600,000/FY14-15/General Fund Reserve

Increase State Expenditures –

\$1,406,000/FY14-15 and Subsequent Years/General Fund

Other Fiscal Impact - According to the Department of Finance and Administration, and based on the Governor's proposed budget document for FY14-15, the total reduction of various reserves and carry-forwards for the purpose of closing out FY13-14 will be \$140,423,700.

Funding of \$1,406,000 is included in the Governor's proposed FY14-15 budget.

SUMMARY OF AMENDMENT (015981): Deletes Section 6 of the original bill that states that the State Board of Equalization (SBOE), through the Division of Property Assessments, shall be charged with allocating appropriations for the implementation of Tenn. Code Ann. § 67-5-701, and that the Comptroller of the Treasury, or a designee, shall determine the method of implementation. Deletes Section 7 of the original bill that declares the costs of the

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Property Tax Relief Program (PTRP) shall be subject to annual appropriations. Deletes Sections 8, 9, and 10 of the original bill that revises the salary structures for the District Attorneys General, Governor, chancellors, circuit court judges, and criminal court judges.

Adds new language that authorizes the transfer of funds from the Department of Economic and Community Development, the Jobs Skills Fund, to the state General Fund for the purpose of funding operations of state government. Adds new language that establishes funding ratios between environmental fee revenue and state appropriations for the Divisions of Air Pollution Control, Radiological Health, Solid Waste Management, and Water Resources as follows: for the Division of Air Pollution Control, environmental protection fees, 89.9 percent, and state appropriations, 10.1 percent; for the Division of Radiological Health, environmental protection fees, 91.5 percent, and state appropriations, 8.5 percent; for the Division of Solid Waste Management, environmental protection fees, 77.1 percent, and state appropriations, 22.9 percent; and for the Division of Water Resources, environmental protection fees, 58.0 percent, and state appropriations, 42 percent. Changes the effective date to upon becoming law, the public welfare requiring it.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue - \$600,000/FY14-15/General Fund Reserve

Other Fiscal Impact - The total reduction of various reserves and carry-forwards for the purpose of closing out FY13-14 is estimated to exceed \$140,423,700.

Assumptions for the bill as amended:

- According to the Department of Finance and Administration (F&A), the following sections for the bill as amended will have no fiscal impact: 1, 2, 3, 11, and 12.
- According to F&A, Section 4 of the bill, which requires proceeds from the sale and conveyance of surplus property or improvements used for state forestry or other operations of the Department of Agriculture to be deposited in a reserve fund within the state General Fund for forestry facilities, will increase state revenue to the General Fund reserve by \$600,000 in FY14-15.
- According to F&A, Section 5 of the bill, which authorizes the transfer of monies between multiple specified funds, accounts, and programs, will cause a total reduction of reserves and carry-forwards for the purpose of closing out FY13-14. Based on information in the Governor's proposed budget document (page A-28), the amount of funds transferred for the purpose of closing FY13-14 is estimated to exceed \$140,423,700.
- Amendment 015981 deletes sections 6, 7, 8, 9, and 10 from the original bill.

- The fiscal impact from authorizing the transfer of funds from the Department of Economic and Community Development, the Jobs Skills Fund, to the state General Fund will be a shift of use for such funds from a purpose consistent with current expenditures from the Job Skills Fund to the purpose of funding the general business of state government.
- Under current law, the funding ratios between environmental fees and state appropriations for the named divisions are based on the ratios as they were in FY94-95. According to F&A, the funding ratios specified in amendment 015981 explicitly identify what the ratios were in FY94-95. As a result, any net fiscal impact to state expenditures is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/rnc